

Sylva Manufacturing Corporation

.....
SUITE 1134, 112 WEST 34TH STREET, NEW YORK, N.Y. 10018 • DATES: 9-8720

May 21, 1984



Lynn E. Hvalsoe, Esq.
Sax & MacIver
1700 Peoples National Bank Building
1415 Fifth Avenue
Seattle, WA 98171

MAY 25 1984

Re: Nintendo of America, Inc.

Sax & MacIver

Dear Ms. Hvalsoe:

We are in receipt of your letter dated May 10, 1984, addressed to Mr. Ricky Hahn.

Please be advised that we never produced or sold any garments pursuant to the license agreement between Sylva and Nintendo, for the precise reason that potential customers refused to purchase any of these products because of the lawsuit pending against you by Universal City Studios, Inc. Thus, the license was worthless to us and we consider Nintendo to be in default of its obligation to provide us with a salable trademark.

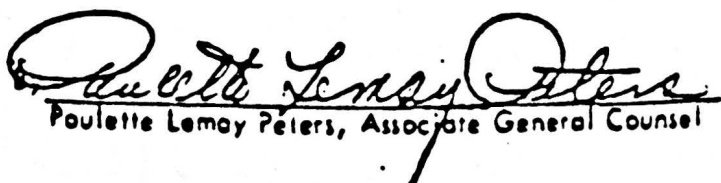
In any event, we advised Nintendo's representatives, and Nintendo knew or should have known, that we were unable to market these goods and were therefore not producing or selling. We consider, therefore, that Nintendo waived its right to attempt to enforce the minimum under the agreement at this late date.

We also would regret having to engage in legal action over this matter. If necessary, however, we will do so and claim damages from Nintendo, including the return of the \$5,000 initial royalty paid on signing, and our loss in investing in several thousand dozen appliques which turned out to be valueless because of the cloud on Nintendo's title to the Donkey Kong mark.

Please direct future correspondence on this matter to the undersigned.

Very truly yours,

SYLVA MANUFACTURING CORPORATION


Poulette Lemay Peters, Associate General Counsel

172.129

PLP:mb